NORTH CENTRAL REGIONAL TRANSIT DISTRICT
FINANCE SUBCOMMITTEE

June 30, 2016
9:00 AM - 11:00 AM

Executive Conference Room
1237 N. Riverside Drive
Espanola, NM 87532

CONFERENCE CALL IN NUMBER
1-877-292-5720 - Guest pin # 13271327

CALL TO ORDER: Councilor Pete Sheehey, Chair

Roll Call:

ITEMS FOR DISCUSSION/RECOMMENDATION

A. Charter Policy Amendment
Sponsor: Anthony Mortillaro, NCRTD Executive Director and Annette Granillo, Transit Operations and Maintenance Director
Attachment.

B. Insurance Bid Update
Sponsor: Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
Attachment.

C. Minutes from May 27, 2016
Draft Minutes

MATTERS FROM THE SUBCOMMITTEE

ADJOURN

If you are an individual with a disability who is in need of a reader, amplifier, qualified Sign Language interpreter or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the NCRTD Executive Assistant at 505-629-4702 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats.

Memorandum

To: Finance Committee
From: Annette Granillo, Operations & Maintenance Director
Thru: Anthony J. Mortillaro, Executive Director
Date: June 17, 2016
Re: **Revised District Charter Service Policy**

Background:

The NCRTD last updated the District's Charter Service Policy in June 2015 to provide for compliance with Federal Regulations, 49 CFT Part 604.5 charter service and included member entities to be eligible for one (1) limited charter service per year.

Proposed Change:

Currently the policy allows for member entities to be eligible for one limited charter service per year. Clarification is needed to define year as fiscal year, July through June, as these services are budgeted within the fiscal year.

Recommendation:

It is recommended that the Finance Committee discuss and review the proposed clarification of year to fiscal year. The staff further recommends the following changes for discussion and review for final recommendation to the Board of Directors on July 8, 2016.

Attachment:

- North Central Regional Transit District-Charter Policies redlined to add fiscal year to the Charter Policy.

North Central Regional Transit District (NCRTD)

Resolution ~~2015-20~~ 2016-19

ADOPTING A REVISED CHARTER SERVICE POLICY AND RESCINDING RESOLUTION 2015-20 DIRECTING THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT (NCRTD) TO PROVIDE CHARTER SERVICE IN THE BOUNDARIES OF THE NCRTD WITHIN COMPLIANCE OF THE FEDERAL TRANSIT ADMINISTRATION, DOT 49 CFR PART 604.5.

WHEREAS, the NCRTD was created through legislative enactment (NMSA 1978, Sections 73-25-1 through 73-25-19); and

WHEREAS, the NCRTD is a subdivision of the State of New Mexico with all the authority and duties of the same; and

WHEREAS, the Board has the authority to make and pass resolutions necessary for the execution of the powers vested in the District; and

WHEREAS, The Board recognizes by having a charter policy that provides for charter service for government officials, for Qualified Human Service Organizations (QHSO) for the purpose of serving persons, or for a significant number of handicapped passengers; with mobility limitations related to advanced age; with disabilities; or with low income, and for Member entities when no registered charter provider responds to notice.; and

WHEREAS, Member entities may be eligible for one (1) limited charter service per fiscal year at no charge for services; and

NOW THEREFORE BE IT RESOLVED, That the Board Rescinds Resolution 2015-20 the exiting Charter Service Policy and adopts Resolution 2016-19 a Revised Charter Service Policy that complies with Federal Regulations, 49 CFR PART 604.5.

PASSED APPROVED AND ADOPTED BY THE GOVERNING BODY OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT ON THIS ~~5TH DAY OF JUNE, 2015,~~ 8TH DAY OF JULY, 2016.

_____
Daniel R. Barrone, Chair

Approved as to form:

_____
Peter Dwyer, Counsel

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
CHARTER POLICY

PREAMBLE:

In accordance with federal regulations, 49 CFR Parts 604.5 - 604.12, and 604.14 NCRTD may provide charter service pursuant to federal regulations for government agencies and officials, (49 CFR 604.6) for specifically qualified human service organizations (QHSO) (49 CFR 604.7) for the purpose of serving persons with mobility limitations related to advanced age, with disabilities, or with low income, and for NCRTD Member entities (49 CFR 604.9), when no registered charter provider responds to notice. These regulations are collectively referred to herein as Community-Based Charter Services Regulations. Services rendered under this policy are referred to herein as Charter Services.

I. Charter Services Shall not Interfere with Existing Services

It is the general policy of the NCRTD to prioritize the consistent delivery of established NCRTD services set forth in the NCRTD's service plan. Charter Services are supplemental services and shall not preclude or interfere with the general NCRTD services set forth in the services plan. The NCRTD generally will consider applications for Charter Services in off-peak hours of operation (weekdays 9:00 a.m. to 3:00 p.m. and 6:00 p.m. to 12:00 a.m., or Saturdays, or Sundays). Applicants may seek Charter services at any time but should consider minimizing the impact on existing NCRTD services at the time of application.

II. Applications for Charter Service

Any person or organization may apply for NCRTD Charter Services by completing and application on a form prescribed by the NCRTD. A party requesting charter service must demonstrate eligibility, to do so under this policy and under the terms of the Community-Based Charter Services Regulations. Application for charter services shall at a minimum include:

A. The name of the applicant and the authority of the applicant as an agent for any organization receiving Charter Services;
B. The number of hours of estimated services requested;
C. The date, time and location of each specific pick up and drop off requested and a proposed route for the Charter Services;
D. An estimate of the number of passengers that will use the charter services;
E. Any event information that may be helpful in determining passenger, route, or safety issues;

F. Any fees or charges that may be assessed or collected for transit or transit related services whether by or for the NCRTD, or the applicant, or any third party;
G. Whether an existing registered charter provider is available to provide the service;
H. Whether notice has been issued pursuant to 49 CFR 604.9 and 604.14 to existing registered charter providers;
I. Supporting information regarding notices to registered charter providers showing the date of mailing or an explanation why notice has not been sent or is not required.
J. Supporting information to show whether the Applicant qualifies for exemption from the Community-Based Charter Services Regulations.
K. Any information necessary for the NCRTD to file a petition for an exception to federal charter service regulations;
L. Such other and additional information as may be required to comply with49 CFR 604.12 reporting requirements or any other requirements of the Community-Based Charter Services Regulations.

The Executive Director will designate an NCRTD staff person to handle inquiries for charter service. The NCRTD staff person will provide all applicants with forms, policies and information necessary to make application for Charter Services.

Applicants that are government agencies or non-profit organization may be required to provide certification of tax-exempt status.

When responding to a request by a Member entity, either the NCRTD Staff person or staff for the applicant shall issue a Notice of Charter Service to registered charter providers in accordance with 49 CFR Part 604.9. If no responses by registered charter providers are received, the NCRTD may provide Charter Services.

Charter Service routes will be determined by the NCRTD in consultation with the applicant.

Although applicants may be eligible for Charter Services, all Charter Services are discretionary and the NCRTD is only obligated to provide Charter Services pursuant to Charter Services Agreements.

III. Liability

All parties chartering NCRTD vehicles will be required to provide the NCRTD with insurance coverage, indemnification and other financial assurances as may be reasonably required by the NCRTD to ensure that it does not incur increased costs or liabilities from the operation of the charter

service.

IV. Seating Capacity

The seating capacity of NCRTD vehicles range from 12 to 44 seats. The NCRTD complies with the Americans with Disabilities Act (ADA), and is able to provide Wheel-chair equipped vehicles. NCRTD vehicles can accommodate and secure one or two wheel-chairs per vehicle but each wheel chair space reduces the vehicle seating capacity by 4 seats. Applicants should consider seating capacity needs at the time of application and inform the NCRTD in advance of any known seating capacity issues or ADA related needs.

V. NCRTD Charges for Charter Services

NCRTD Member entities may apply for one (1) limited charter service per fiscal year at no charge to the NCRTD Member entity, on a first come first serve basis with a projected total annual maximum of 150 hours of NCRTD charter service. All Charter Services are limited by and to the amount budgeted by the NCRTD for the services.

The hourly rate charged for charter service will be determined by the NCRTD and shall be in an amount as shown on the attached **Exhibit A**, which the NCRTD, through its Executive Director may, from time to time, amend. It is the intent of the NCRTD to minimize costs to NCRTD member entities but the NCRTD may charge more comprehensive costs to non-member entities.

Any additional charges incurred as direct expenses by the NCRTD including but not limited to tolls, parking fees, entrance fees, or other expenses shall be added to the hourly rate charge and reimbursed to the NCRTD by the applicant upon delivery of the Charter Services.

VI. Charter Services Contracts

Applicants receiving approval for Charter Services shall be required to enter into a Charter Service Agreement with the NCRTD. The NCRTD will provide an initial cost estimate at the time of entering into the Charter Services Contract. Incidental costs (as described above) may be added after the service has been provided. Each Charter Service Agreement shall require payment of 100% of the initial cost estimate is required when the Charter Service Agreement is signed. If need be, at the conclusion of the service, the chartering party will be invoiced for any outstanding costs above and beyond the initial cost estimate.

VII. Cancellations

The NCRTD will generally require a minimum of 48 hour notice in the event an applicant wishes to cancel Charter Services but notice should be given as soon as the applicant knows or believes it may cancel the service request in order to reduce costs and impacts on other NCRTD operations. In the event of inclement weather the NCRTD, in its sole discretion, may waive or modify this notice requirement or cancel the service where it deems the weather to pose unacceptable safety risks. Nothing herein shall be deemed to modify or waive specific requirements and obligations under a signed Charter Services Agreement and the NCRTD may hold a chartering party responsible for any costs it incurs due to delay in providing notice or cancellation of services.

VIII. Service Standards

Charter Services shall be delivered by the NCRTD pursuant to its current prevailing service standards. Applicants should inquire about any specific or special requirements for their Charter Services and any exceptions to general NCRTD service standards shall be set forth in the Charter Services Agreement.

In general the NCRTD:

A. Endeavors to maintain the time of arrival at points of destination but does not guarantee to arrive at or depart from any point at a specific time.
B. May incur delays caused by accidents, breakdowns, road conditions, storms and other circumstances beyond its control.
C. Assigns qualified operators that have been instructed to drive at a speed within limits prescribed by law, and compatible with safe operations.
D. Does not accept responsibility for personal property when left on the vehicle by passengers when disembarking.

IX. Equipment Vehicles

Wherever possible, requests for specific vehicles will be honored, but cannot be guaranteed. Should mechanical failure of equipment make it necessary for the replacement of a vehicle originally assigned to the service, the replacement vehicle may be of a different type. Every effort shall be made by NCRTD to provide equipment as similar to the original as possible.

X. Equipment Repairs

All costs of repairing damage to vehicles resulting from acts of members of the chartering party shall be charged to the chartering party.

XI. Baggage

NCRTD drivers generally do not check or handle passenger baggage, load passenger equipment or property unless required to do so in assisting with ADA compliance. Passengers may carry on their own baggage and property as long as the baggage can be safely stowed on the vehicle, or can be held or restrained by the passenger. Any property or baggage that creates, in the opinion of the operator of the vehicle or other NCRTD employee, a hazardous condition or is likely to damage the vehicle will not be transported. Flammable or other dangerous substances or articles shall not be brought on board the vehicle.

XII. Other NCRTD Restrictions

General passenger and service restriction imposed by other policies of the NCRTD shall apply to charter services including, but not limited to restriction on smoking, passenger conduct, firearms, alcohol, and all restrictions expressly posted on the vehicles.

XIII. Public Relations and Related Service

NCRTD may provide promotion and support for Charter Services as long as said services are consistent with the NCRTD's advertising policies and the additional services are agreed to in writing by the NCRTD and the applicant.

XIV. Volunteer or Donated Services

The NCRTD will not request volunteer drivers for any Charter Services and will not credit or discount Charter Services costs for any volunteer drivers utilized. It is the NCRTD's policy to only use NCRTD employees for Charter Services and any operation of NCRTD vehicles by volunteers or non-NCRTD employees shall require the prior written approval of the Executive Director.

XV. Non-Charter Services

The following services are not deemed Charter Services and may be provided notwithstanding the provisions of this Charter Services Policy.

A. Educational Events

NCRTD vehicles may be used for events during which NCRTD employees educate groups of people on how to use the NCRTD system. The use of a vehicle for this type of *event* needs to be requested by a senior staff member of the NCRTD and approved by the Transit Operations and Facilities Director. The Transit Operations and Facilities Director will confirm vehicle availability prior to approval. The Transit Operations and Facilities Director shall also verify and approve the educational nature of the event prior to approval.

B. Stationary Vehicles

NCRTD vehicles may be used for any *event* at which the vehicle will be stationary and no passengers will be carried. The use of a vehicle for this type of *event* needs only to be requested by a senior staff member of the NCRTD and approved by the Transit Operations and Facilities Director. The Transit Operations and Facilities Director will confirm vehicle availability prior to approval.

C. Parades

NCRTD vehicles may be used as a feature in a parade if the general public is not being carried and NCRTD is providing the vehicle free of charge. This service would need to be requested by the Public Information Officer and approved by the–Transit Operations and Facilities Director and the Executive Director. If NCRTD is charging for the use of the vehicle and/or the general public will be carried on the vehicle, the parade organizers must complete the charter services application process outlined *above.* The same hourly rate will be charged for parades as for any other charter service.

D. Supplementary Services

Any enhanced or supplemental service the NCRTD elects to provide which increases capacity on existing NCRTD fixed routes are deemed supplementary services and are not Charter Services.

EXHIBIT ~~B~~A

RATE FORMULA

Driver Cost

Driver's Hourly Rate X 1.5 for overtime or 2.0 for holiday pay X the # of hours the service is needed (out of garage/in to garage) this equals base pay.

A factor of 61.20% is added for Social Security

A factor of 1.45% is added for Medicare

A factor of 9.15% is added for PERA

A factor of 1.666% is added for Retiree Health Care Insurance

A factor of 8.35% is added for Worker's Compensation insurance

Fuel Costs

Depending on the size of bus being used, an hourly fuel charge is added;

12 passenger cutaway	$23.94 per hour
18 passenger bus	$24.07 per hour
28 passenger bus	$25.00 per hour
32 passenger bus	$25.00 per hour
40 passenger bus	$25.00 per hour

Indirect Costs

Unlike the regular rate charter service, there will be no 20% indirect cost added on to cover administrative costs, insurance and use of the bus. This omission will result in the reduced rate.

Memorandum

To: Finance Subcommittee
From: Troy Bingham, Finance Director
Thru: Anthony J. Mortillaro, Executive Director
Date: June 24, 2016
Re: **Insurance Bid Update**

Background:

At the February Finance Subcommittee meeting we discussed the issue with the previous rebid of insurance and the difficulties in completing that task due to the US Forest Service Permit, and the New Mexico Municipal League's (NMML) unclear pricing structure. We also discussed the desire to know more about the pro's and con's on being in the government pool as opposed to being with a private carrier. Staff has engaged our previous selected broker, Daniel Insurance, to facilitate finding quotes from private insurers regarding the Worker's Compensation coverage and also help in educating staff and the Board on insurance coverage.

Due to the renewal deadline at the NMML, the insurance coverage will be handled by the following deadlines:

Workers Compensation Insurance by June 30, 2016
General Liability/Civil Rights by December 31, 2016
Vehicle and Property Insurance by December 31, 2016

Recommendation:

It is recommended that the Finance Subcommittee discuss and review the timeline and information presented and discuss a course of action and direction to the staff on whether bidding of a comprehensive insurance coverage for the District should continue to be held in abeyance

Attachment:

- Daniel's Insurance Inc. Worker's Compensation Proposal

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PROPOSAL PREPARED FOR

NORTH CENTRAL REGIONAL TRANSIT DISTRICT

PROPOSED PERIOD
7-1-2016 - 7-1-2017 – WORKER'S COMPENSATION

PRESENTED BY

GEORGE SEGURA
DANIELS INSURANCE, INC.-SANTA FE
PO BOX 4550
SANTA FE, NM 87502-4550

DATE: JUNE 3, 2016

DANIELS INSURANCE INC.
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DANIELS INSURANCE INC.
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WHO WE ARE

Daniels Insurance, Inc., founded in 1937 proudly serves New Mexicans as one of the largest independent, full service insurance agencies in the State. For over seven decades, our three offices in Albuquerque, Hobbs and Santa Fe have been 100% New Mexican owned, serving New Mexico people, businesses, and government.

The experience of our firm is extensive in the handling of commercial accounts in the areas of comprehensive property and casualty and employee benefits, for both public and private entities with specialization in heavy casualty and large, complex risks. Over the years we have obtained coverages and provided service for many large accounts that have been difficult to place and have required custom types of coverage and high limits of liability.

Being selected as the sole Assurex Partner in New Mexico, Daniels Insurance is a robust member of the world's largest privately held insurance, risk management, and employee benefits brokerage group. Assurex Global marshals the expertise of the best independent insurance brokers on six continents.

Daniels Insurance is both your local Assurex Global partner and your corporate neighbor, committed to helping you prudently manage your risks, retain top-notch employees, and grow your business – no matter where you do business.

WHAT WE DO

Daniels Insurance, Inc. is a full service agency providing a complete range of business and personal coverages. No matter what your particular needs may be, we pride ourselves in the capability to provide cost-effective solutions by matching the best markets for the individuals and companies we serve. Regardless of the size or type of business, we can package your coverage to give you peace of mind and freedom to do what you do best, run your company with confidence that we are taking care of the insurance details.

- Business Insurance
- Employee Benefits Group Coverages
- Individual Benefits Coverages
- Personal Coverages

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This proposal is a brief outline of coverage proposed based on the information you provided to us. A material change in the information provided could affect this proposal, including but not limited to the price and availability of coverage. This proposal does not list all conditions, limitations and exclusions that apply to the described coverage. The actual wording of the policy(ies) governs all situations.

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Our Locations

- **Albuquerque, NM**
  320 Gold SW., Suite 700
  Albuquerque, NM 87102
  800.848.9643 Toll Free
  505.766.9676 Phone
  505.766.9679 Fax
- **Santa Fe, NM**
  805 St. Michaels Drive
  Santa Fe, NM 87502
  800.815-2183 Toll Free
  505.982.4302 Phone
  505.989.9186 Fax
- **Hobbs, NM**
  300 North Linam
  Hobbs, NM 88241
  800.530.8885 Toll Free
  575.393.5191 Phone
  575.397.4762 Fax

Your Daniels Team

The Daniels' Team is ready to assist you with your insurance needs. On a daily basis, contacting your Customer Service Agent will provide you access to the quickest service. Your Customer Service Agent will assist you with certificates of insurance, change requests such as adding deleting autos, property, equipment, etc. Your producer is often out-of-the office visiting other clients. Your Customer Service Agent is your first point of contact.

- Customer Service Agent
  Veronica Butler
  vbutler@danielsinsuranceinc.com
- Branch Manager
  Steve Crawford
  scrawford@danielsinsuranceinc.com
- Account Executive
  George Segura
  gsegura@danielsinsuranceinc.com
- Claims
  Scot Ricker
  sricker@danielsinsuranceinc.com

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DISCLAIMERS

PLEASE NOTE THE FOLLOWING

This proposal is for "illustration purposes only". Coverage is not bound and this is a summary of proposed coverages. Once coverage is bound, please refer to the actual policies presented for specific terms, conditions, limitations and exclusions that will govern in the event of a loss. Specimen copies of proposed policies are available for your review prior to the binding of coverage.

In evaluating your exposures to loss, we have depended upon information provided by you. If there are other areas that need to be evaluated prior to binding coverage, please bring this information to our attention. Property values have been obtained from you and may not have been independently appraised. Please review your property values carefully.

Should any of your exposures change after coverage is bound, such as new operations, hiring employees in additional states, buying additional property, etc.; please let us know so that we may request appropriate adjustments from your insurance carrier.

Higher limits of liability may be available and will be quoted on request.

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PAYMENT OPTIONS

BILLING: Direct Bill

- 10% Deposit, followed by 10 monthly installments – NO Service Charges

CONTINGENCIES: Each of the following items is needed in order for Daniels Insurance to order the proposed insurance coverages.

- Obtain down payment check (10%) payable to NMMCC
- Obtain Signed Acceptance of Coverage and Deductible Selection
- Advise any additional coverage to be quoted at this time
- Compliance with Loss Control recommendations (if any)

ACCEPTANCE OF PROPOSAL and any modifications to the proposal, Payment Terms and Contingencies:

Signature: **Insured: North Central Regional Transit District**

By: _____

Date: _____

Your preferred method of delivery of Policies by Daniels Insurance, Inc.
_____ **Email** _____ **Mail** _____ **In Person**
Your preferred method of delivery of all other items by Daniels Insurance, Inc.
_____ **Email** _____ **Mail** _____ **In Person**

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NAMED INSUREDS

NAMED INSUREDS		TYPE OF ENTITY	COVERED OPERATIONS
First	North Central Regional Transit District		Transportation company

LOCATION MAILING ADDRESS

LOCATION NAME	MAILING ADDRESS
North Central Regional Transit District	1327 N. Riverside Drive, Espanola, NM 87532

INSURED'S LOCATIONS

LOC #	ADDRESS
1	1327 N. Riverside Dr. Espanola NM 87532
2	1349 San Juan Drive Santa Fe NM 87505

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WORKERS' COMPENSATION

New Mexico Premier Insurance Company
A.M. Best Rating: A- VIII Admitted

COVERAGES	Limits
Coverage A – Workers' Compensation	Statutory
Coverage B – Employers' Liability	
Each Accident – Bodily Injury by Accident	$1,000,000
Policy Limit – Bodily Injury by Disease	$1,000,000
Each Employee – Bodily Injury by Disease	$1,000,000

Premium Basis – Premium Subject to Audit

LOC #	State	DESCRIPTION OF CLASSIFICATION	CODE	EST. ANNUAL PAYROLL	RATE	ESTIMATED ANNUAL PREMIUM
1	NM	Bus Co: All Other Employees	7380	$1,914,595	$ 5.57	$106,643
1	NM	Clerical Office Employees	8810	$685,595	$ 0.35	$2,400
1	NM	Bus Co: Garage Employees	8385	$18,000	$ 3.01	$ 542

DESCRIPTION	FACTOR	PREMIUM
Total		109,585
Increased Limits	1.011	1,205
Schedule Rating	-.15	-16,619
Premium Discount	-10.4	-9,832
Expense Constant		230
terrorism	0.01	262

TOTAL ESTIMATED POLICY PREMIUM	**$84,831**

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INSURANCE CARRIER RATING INFORMATION

A.M. Best's Financial Strength Rating is an independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's balance sheet strength, operating performance and business profile.

Financial Strength Ratings

A Best's Financial Strength Rating (FSR) is an opinion of an insurer's ability to meet its obligations to policyholders. Rating Modifiers and Affiliation Codes may also be associated with these ratings. The following list outlines our rating scale and associated descriptions.

Secure	Vulnerable
A++, A+ (Superior)	**B, B-** (Fair)
A, A- (Excellent)	**C++, C+** (Marginal)
B++, B+ (Very Good)	**C, C-** (Weak)
	D (Poor)
	E (Under Regulatory Supervision)
	F (In Liquidation)
	S (Rating Suspended)

Financial Size Categories (FSC)

To enhance the usefulness of our ratings, A.M. Best assigns each letter rated (A++ through D) insurance company a Financial Size Category (FSC). The FSC is designed to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts.

Many insurance buyers only want to consider buying insurance coverage from companies that they believe have sufficient financial capacity to provide the necessary policy limits to insure their risks. Although companies utilize reinsurance to reduce their net retention on the policy limits they underwrite, many buyers still feel more comfortable buying from companies perceived to have greater financial capacity.

Class	(in Millions) Adjusted Policyholders Surplus
I	Less than 1
II	1 to 2
III	2 to 5
IV	5 to 10
V	10 to 25
VI	25 to 50
VII	50 to 100
VIII	100 to 250

Class	(in Millions) Adjusted Policyholders Surplus
IX	250 to 500
X	500 to 750
XI	750 to 1,000
XII	1,000 to 1,250
XIII	1,250 to 1,500
XIV	1,500 to 2,000
XV	Greater than 2,000

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FINAL AUDIT INFORMATION

WHY IS AN AUDIT NECESSARY?

This policy is issued with an "estimated premium" which requires an adjustment after the policy expires. The estimated premium for this type of policy is usually based on the amount of your payroll, sales or subcontractor cost during the term of the policy.

After the policy expires and the actual amount of the payroll, sales or cost can be determined, the estimated premium is adjusted to develop the final premium. If the adjusted premium is less than the estimated premium, the difference will be refunded. If it is more, you will receive a bill for the additional premium.

WHO WILL MAKE THE AUDIT?

When the policy expires, either a Premium Auditor will make an appointment with you to review the records that pertain to your company's payrolls and other exposures covered by your policy(ies) with your insurance carrier or a Policyholder's Report will be mailed to you for completion.

Premium Auditors are knowledgeable in both accounting and insurance and will obtain the necessary information to make the premium adjustment with a minimum of Inconvenience to you and your staff.

WHAT WILL THE PREMIUM AUDITOR DO?

The Premium Auditor will examine your books of original entry and ledger accounts that pertain to the variable factors on which the premium is based. The payroll portion of the audit will normally be verified to your quarterly tax reports. Additionally, during the course of the audit, the Auditor may also ask some questions about your records and personally observe the various operations of your business.

Automated Records

If your records are automated, or if they will be automated in the near future, the Premium Auditor will be pleased to assist you in setting up your records to Include Insurance requirements.

Premium Base

The most common premium bases are total remuneration (payroll), gross sales and total subcontractor cost. A rate is applied to the premium base to develop the premium. The premium base used is determined by the type of policy and by the type of business being insured.

Remuneration Is the total gross earnings of your employees. (See "Overtime" below for further details.) Gross sales is the gross amount charged by you for your products, services or rentals. Total subcontractor cost is the cost to you of all work you let or sublet. (Cost of material and equipment you furnished to your subcontractors may be handled differently under workers compensation than general liability coverage. Consult with your auditor for further information.)

Overtime

In most states the penalty portion of overtime payroll, or the amount paid in excess of the regular rate of pay, is excluded from the total payroll on which the premium is based.

You must, however, maintain your records to show separately, by employee and in summary by type of work, the amount of overtime paid.

Overtime deductions under workers compensation currently are not applicable in the states of Delaware, Pennsylvania, Utah, Nevada and to Stevedoring Operations.

Payroll Segregation

Insurance rates differ by type of work performed. The Premium Auditor must place each employee in the proper occupational category or insurance classification approved by the state. Since each classification has a different premium rate, proper placement is important.

By segregating your employee payroll records by type of work, you should receive a more prompt and equitable premium adjustment.

Consolidated (Wrap-Up) Insurance Programs

If you are a contractor involved in a consolidated (wrap-up) insurance program, your payroll receipts **will not** be automatically excluded from our audit. Please be sure to contact your agent before you begin working under a wrap-up program. If your policies are not endorsed properly, payroll/receipts will not be excluded from the audit.

SUBCONTRACTORS·PREMIUM CHARGES

Workers Compensation

You may be held responsible when a subcontractor's employee is injured. Most Workers Compensation laws provide that the general or principal contractor shall be responsible for compensation to employees of subcontractors in the absence of appropriate subcontractors' coverage.

For this reason it is important that each subcontractor you use furnish you with certificates of Insurance. Failure to secure a subcontractor's certificate of insurance will result in an additional premium charge.

The premium auditor will ask to see these certificates of insurance as proof that each subcontractor was separately insured.

General Liability

Your general liability policy may contain subcontractor classifications with rates based on operations performed for you by adequately insured subcontractors.

If any of your subcontractors do not have proof of adequate insurance, we will charge for the subcontractors without adequate insurance as if they were your employees. This usually means that a higher rate will be charged to you. It is important for you to verify the limits of insurance carried by your subcontractors by securing a certificate of insurance from each and every one of them.

For rating or audit purposes, your insurance carrier considers adequate limits of insurance for your subcontractors to be limits of insurance equal to your own limits of insurance. Your agent will be able to help you determine subcontractor limits that could protect your assets and satisfy underwriting requirements

Provider Network

New Mexico Mutual works with an extensive network of 161 authorized providers throughout New Mexico to offer quality and cost-effective medical treatment for injured workers. For a full list of acute care facilities and authorized providers or information about medical treatment referrals and pharmacies, visit the New Mexico Mutual website at **newmexicomutual.com** and click on the "Locate a Healthcare Provider" button. This network helps to save 8-10% annually below the New Mexico Workers' Compensation fee schedule set by the state.

Managed Care

New Mexico Mutual has assembled a group of providers that assists us in providing quality cost-effective services for our policyholders in New Mexico. On your behalf, we develop relationships with Acute Occupational facilities and Medical Service providers. Additionally, we have an extensive Pharmacy Benefit Manager (PBM) relationship, which extends significant savings on medications for our policyholders while also providing seamless service to injured workers from the point of injury for their pharmaceutical needs.

Cost Containment Committee

Internally at New Mexico Mutual we have created an internal cost containment committee that focuses on identifying risks to claims costs. Strategies are then developed to mitigate these risks to keep claims costs low.

Risk and Safety Services

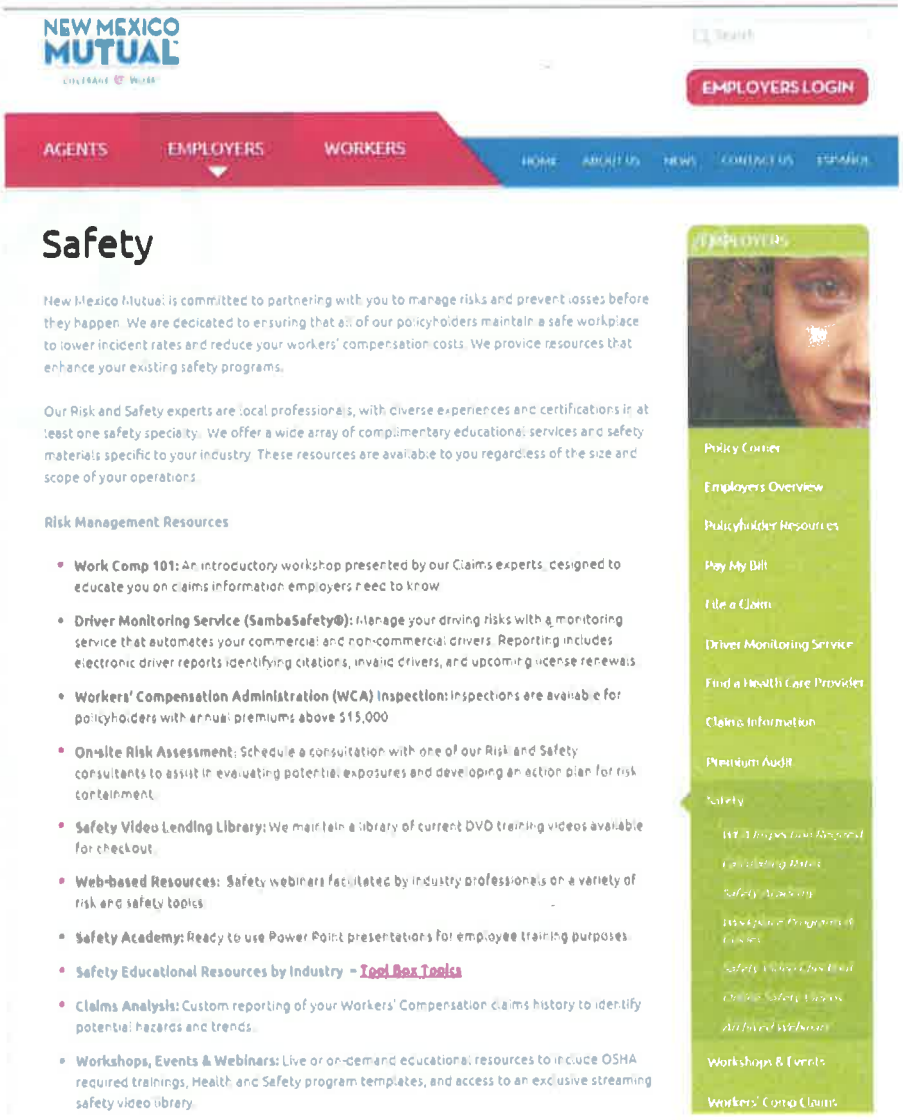
New Mexico Mutual has extensive experience assisting policyholders with risk and safety services. The list below indicates the services our policyholders have found beneficial. Our Risk & Safety Representatives provide periodic reviews and updates to assist clients in controlling losses.

- Job Hazard Analysis
- Safety Policy Maintenance
- Equipment Inspections
- Facility Inspection Schedule
- Driver Training & Policy Integration
- Refreshers for Personal Protective Equipment
- Hazardous Communication Review
- First Aid Review
- Defensive Driving Review
- Training Track & Schedule
- New Employee Orientation
- Safety Committee Development & Involvement
- Supervisor Accountability
- OSHA 10 Hour General Industry Training
- Train the Trainer

NEW MEXICO MUTUAL
COVERAGE @ WORK

Comprehensive Online Safety Tools
Give Your Business Better Results

We provide our policyholders with the tools and information needed to encourage workplace risk management. Developing a strong and trustworthy relationship with our policyholders is extremely important to New Mexico Mutual. Together, we will work towards minimizing your workers' compensation costs and helping you provide employees a safe work environment.


NEW MEXICO MUTUAL
EMPLOYERS LOGIN
AGENTS
EMPLOYERS
WORKERS
Safety
New Mexico Mutual is committed to partnering with you to manage risks and prevent losses before they happen. We are dedicated to ensuring that all of our policyholders maintain a safe workplace to lower incident rates and reduce your workers' compensation costs. We provide resources that enhance your existing safety programs.
Our Risk and Safety experts are local professionals, with diverse experiences and certifications in at least one safety specialty. We offer a wide array of complimentary educational services and safety materials specific to your industry. These resources are available to you regardless of the size and scope of your operations.
Risk Management Resources
Work Comp 101: An introductory workshop presented by our Claims experts, designed to educate you on claims information employers need to know.
Driver Monitoring Service (SambaSafety®): Manage your driving risks with a monitoring service that automates your commercial and non-commercial drivers. Reporting includes electronic driver reports identifying citations, invalid drivers, and upcoming license renewals.
Workers' Compensation Administration (WCA) Inspection: Inspections are available for policyholders with annual premiums above $15,000.
On-site Risk Assessment: Schedule a consultation with one of our Risk and Safety consultants to assist in evaluating potential exposures and developing an action plan for risk containment.
Safety Video Lending Library: We maintain a library of current DVD training videos available for checkout.
Web-based Resources: Safety webinars facilitated by industry professionals on a variety of risk and safety topics.
Safety Academy: Ready to use PowerPoint presentations for employee training purposes.
Safety Educational Resources by Industry – Tool Box Topics
Claims Analysis: Custom reporting of your Workers' Compensation claims history to identify potential hazards and trends.
Workshops, Events & Webinars: Live or on-demand educational resources to include OSHA required trainings, Health and Safety program templates, and access to an exclusive streaming safety video library.
Policy Center
Employers Overview
Policyholder Resources
Pay My Bill
File a Claim
Driver Monitoring Service
Find a Health Care Provider
Claims Information
Premium Audit
Safety
Workshops & Events
Workers' Comp Claims

NEW MEXICO MUTUAL

COVERAGE THAT WORKS

SambaSafety Driver Monitoring Program

SambaSafety Driver Risk Management is provided by New Mexico Mutual at no cost to our policyholders. SambaSafety assists policyholders in identifying unlicensed and high-risk drivers by managing individual driving record data, automatically checking for new violations, DUI or DWI convictions, license suspensions, cancellations, and approaching license renewal dates. When employees know that their driver records are being monitored, they are more conscientious and become safer drivers - benefiting their organizations and their communities. Below are the types of available reports from SambaSafety.

Citation Report

- At-a-glance summary statistics and monthly comparisons
- All citations decoded for quick and easy review
- Customizable report capability
- New citations separated from previous reports
- Drivers with no activity are not displayed

Invalid Driver Report

- At-a-glance summary statistics and monthly comparisons
- View cancelled, revoked, and suspended licenses
- Customizable report capability
- Lists invalid driver's licenses and CDL separately
- Notes the date when license became invalid

Renewal Report

- Reports previously expired licenses
- Notes licenses that will expire in the current month
- Indicates which licenses are due for renewal

NEW MEXICO MUTUAL

COVERAGE @ WORK

Discounted Drug Testing

New Mexico Mutual Policyholders now Qualify for Discounted Drug Testing

New Mexico Mutual is pleased to announce a collaboration with two laboratory vendors, TriCore Reference Laboratories and Quest Diagnostics, to provide discounts to its policyholders for drug screening services. Keeping substance abuse out of the workplace is critical in lowering workers' compensation premiums for all.

New Mexico Mutual values the importance of a safe and drug free workplace for our policyholders. Because substance abuse can take a heavy toll on businesses in liability and lost productivity, we encourage employers to include routine employee drug screening as part of a comprehensive workplace risk and safety program.

Drug users are three times more likely to be involved in an accident at work, according to the Substance Abuse and Mental Health Services Administration. We encourage our policyholders to utilize pre-employment drug screening as well as post accident drug testing. In addition, random or periodic screening are common reasons for drug testing as well as reasonable suspicion testing for illicit and prescription drugs commonly abused.

Employers implement drug free workplace programs to protect their businesses from the impact of drug abuse. Because every business and workforce is unique, each employer should make careful determination of the program elements that are most feasible and beneficial for their workplace. **New Mexico Mutual policyholders are now eligible to save 15% or more based on testing volume and the combination of services utilized with TriCore or Quest.**

New Mexico-based TriCore Reference Laboratories is an independent, full-service reference laboratory serving clients throughout New Mexico and across the Southwest. Founded in 1998, TriCore performs 8 million medical and forensic drug tests per year for physicians, patients and employers. TriCore employs 1,100 New Mexicans at more than 50 satellite locations across the state.

Quest Diagnostics is a national provider of workplace drug testing, offering a full line of lab-based and instant drug testing products and services. The Quest Diagnostics Employer Solutions team provides comprehensive business consultation services and ongoing support for workplace drug screening program management. Quest can also provide testing services compliant with the Department of Transportation (DOT).

TriCore and Quest offer a variety drug screening services with locations throughout the state, to include rural collection site options. You can view a list of sites on our website.

For more information about discounted drug testing services with TriCore or Quest, please visit our website at **www.newmexicomutual.com/Employers/Policyholder Resources.**

TRICORE REFERENCE LABORATORIES

Quest Diagnostics®

NEW MEXICO MUTUAL

COVERAGE WORK

Trend Analysis & Claim Reporting

New Mexico Mutual offers policyholders access to trend analysis and claim reporting tools which include:

- Claim Count By Month
- Claim Dollars By Month
- Claim Count at Tenure of Employment
- Age of Employee at Loss
- Total Gross Loss by Class Code
- Claims by Cause of Injury
- Claims by Nature of Injury
- Claims by Part of Body
- Loss Location Analysis

Examples of New Mexico Mutual's trend analysis and claim reports are shown below. New Mexico Mutual has an extensive report libarary avalaible for policyholders.

Policy Year Loss Ratio
Trend Loss Ratio
Trend Analysis Summary
Sample Entity/Location/Department
As of Dec 31, 2014
Claim Count by Tenure
Loss by Employee Age
Claim Count at Tenure of Employment
Age of Employee at Loss

Finance Subcommittee

Meeting May 27, 2016

9:00 a.m.

Board Members Present: *Councilor Pete Sheehey–Los Alamos County, Miguel Chavez-Santa Fe Co. Christy Van Buren-Ohkay Owingeh, Leandro Cordova-Taos County,*

Staff Present: *Anthony Mortillaro, Troy Bingham, Jackie Trujillo, Daria Veprek*

Guest(s) Present: *None*

Absent: *Alex Naranjo–Rio Arriba County, Henry Roybal–Santa Fe County, Philo Shelton-Los Alamos County, Jim Fambro-Taos County, Tessa Jo Mascareñas-Santa Fe County, Thomas Campos-Rio Arriba County*

Transcribed by: Jackie Trujillo-Executive Assistant

ROLL CALL

APPROVAL OF AGENDA

CALL TO ORDER

A regular Finance Subcommittee meeting was called to order at 9:14 a.m. on the above date by Councilor Sheehey.

ITEMS FOR DISCUSSION/RECOMMENDATION

A. FY2017 Compensation Plan

B. FY2017 Performance Matrix

Mr. Mortillaro recalled the consultant survey results discussed in January; this is the year we did a market survey which is done approximately every three years used to adjust pay ranges; based upon the January discussion and Budget Development the current FY2017 budget that was preliminary approved includes a 3% overall budgetary impact for compensation cost and adjustment of several individual employee salaries based upon the market survey; when the data came back and the salary ranges were reset; based on the market survey there are four positions consisting of five individuals that will fall below the new entry rate for those positions; those five individuals will get market adjustment rates; if the board passes this on July 1st; in addition all pay grades were adjusted based on the market adjustments.

He went on to explain paid for performance system, this only applies to non-representative employees; the District has always done pay per performance, have never done a cost of living adjustment for non-representative employees; this system has evolved into a more discrete performance category; each of those performance categories have a certain performance increase attachment.

Commissioner Chavez asked if this is part of the Collective Bargaining.

Mr. Mortillaro responded this is strictly for non-representative employees and is not discussed in the Collective Bargaining. CBA will be discussed at the June 10th meeting,

Mr. Mortillaro referred to page 6 – Performance Matrix; similar to last year's, 0-4% with more discrete performance categories due to going to a computerized performance evaluation system this system has rankings from 1-5%; previous paper system was using rankings from 1-4%; the performance categories with the performance scores have been broken down to a more discrete of potential distribution of a performance adjustment; the system calculates the net on a 1-5 rating on each category in the performance criteria, then the system will give you an overall rating.

Ms. Veprek gave a brief description of the Performance Pro; system is a competency based system which allows us to have an objective opinion on someone's performance based on a criterion; the focus on one thing where they consistently do not deliver although it does focus on the competency's and the supervisor can rate each employee on those competencies. A specialist from Performance Pro reviewed the job descriptions which built the systems competencies to each job.

Ms. Veprek continued to explain Performance Pro does not provide tools to evaluate someone but also provides standardized tools to create a performance action plan, these plans follow based on the needs or the position; the supervisors are trained on how to use the forms and answer any questions of the improvements expected to within the following weeks; if anyone has a performance that falls below the 3 they will automatically be assigned a performance improvement plan.

Further discussion continued on this item.

Mr. Mortillaro asked for a motion to recommend this to the full Board for their consideration of the Compensation Plan and the Performance Matrix.

Ms. Van Buren made the motion to recommend this item to the full Board for approval. Commissioner Chavez second the motion.

C. Update Finance Investment Policy SB56

Mr. Bingham referred to the investment policy mentioned 6 months ago when the investment policy was brought out of the total financial policies of the District and made it a standalone policy for the expectation that the investment policy would change more often than the overall policy.

He went on to explain SB56 has opened up the option of brokered CD; the District has all investments in CD's with banks within our service area requirements in the New Mexico statutes if operated in an investment structure it has to be within CD's in banks and credit unions operated within our service area, which is our 4 counties; we have more leeway because we operate within the 4 counties; we found the best rates at 40 bases points from LANB, 100 bases point with the Guadalupe Credit Union, we have been performing equal to a 6 months treasury note currently; by changing the investment policy and adding the ability to going into Brokered CD's the District's investments should be able to perform better than the average; Brokers CD's is sold through a secondary market, you have to get access to it through a Broker; the advantage of going through a Brokers CD's is one can trade a CD at any given time and potential not lose any value because of the secondary market.

Mr. Bingham referred to page 10 – Investment Policy; added language to the policy to add Broker's CD's, we have been in communication with LANB who put us in touch with a private broker who is taking over our LPL account we had with First National Bank of Santa Fe, they will work it out to where all of the current 40 bases points CD's will eventually become brokered CD's with LPL if the rates continue to be higher than traditional CD. LANB is collateralizing us at 100% for what is within the bank with Broker CD's we would be with various banks; banks are in the United States and are FDIC insured as long as we stay below $250,000.

Further discussion continued on this topic.

Mr. Cordova moved to accept changes in the Investment Policy as described. Commissioner Chavez second the motion adding the recommendation be tied to the Investment Policy options approved in Senate Bill 56 and it passed by a unanimous voice vote.

Mr. Cordova modified his motion to accept recommendation.

D. Update Travel Policy

Mr. Mortillaro referred to replacement page 26 attached to packet, regarding changes to in District and out of District travel; adding it is a bit more complex being that our district is 10,000 square feet.

Mr. Bingham began by explaining the changes in the policy; trying to keep in line with IRS regulations and rulings that we may not have been in total compliance with; understanding that employees must travel and do not want to put the burden on their backs to pay for all expenses, this policy is meant to reimburse them for that time spent away from family and time on the road. Two different levels of travel were created in the Travel Policy; changed the wording of travel in or out of District to travel within a 4-hour radius, inside the radius is a one-way parameter, if an employee is traveling inside or outside of the parameter they each fall under two different parameters, in state or out of state are different rates; adding the biggest change is inside or outside of the radius travel.

Mr. Bingham referred to page 16 – Business Travel and Meals Expenses Policy; included in this policy are candidates for employment adding they are treated equal as current employees.

Mr. Mortillaro made it clear that this policy isn't automatic for all employment candidates; these candidates have to be invited and the invite will state the District will cover these expenses.

Mr. Bingham moved on to Within Radius Travel; employees are encouraged to use the official District vehicle, due to it being cheaper to run a company vehicle then paying federal per diem rate at $0.54 a mile; some of our employees have to travel into work to pick up a vehicle then travel back in the same direction we then can work with the employee to use their own vehicle. Referring to page 18 – Personal Vehicle; this comes more compliance with the IRS; we don't pay anyone commuting to or from work, if commuting you have to minus the miles traveled to work as well as if you are traveling in the opposite direction you will have it minus what you normally travel to work as your daily commute; verification of all travel is clarified on MapQuest, Google Maps or any equivalent mapping programs. Insurance issue, if an employee gets into an accident on their own personal vehicle while on company travel, the District will cover the employee because the employee is on company time; it is required for the employee to notify their insurance they are using their personal vehicle for District use. Referring to Miscellaneous Automobile Related Expenses he mentioned the District has a Santa Fe meter key in the District vehicle to cover meter parking in Santa Fe, other fees will be reimbursed to the employee with proper documentation. Special Travel Situations; companion, spouse, or other family members traveling within radius travel for business purposes is s strictly prohibited. Lodging; expenses for in radius travel requires preapproval by the Executive Director. Meal allowance is paid on a reimbursement bases. Air travel; when travel is anticipated a travel form must be completed and approved prior to incurring travel expenses, attached should be any documentation of program contents for in state or out of state travel; every effort should be made to obtain the lowest possible round trip coach fare; there may be times that only premium seating is available at booking, for those occurrences an exception is done with the proper documentation stating that is the only availability. Official District vehicle; employees are encouraged to use a District vehicle in lieu of a personal vehicle whenever a District vehicle is available; employees will be reimbursed for all gas or parking receipts if a gas card is not available. When renting a vehicle for business purposes the employee should make sure to specify the District's name in the travel agreement, no additional insurance should be purchased for a rental car; referring to page 25; Per Diem Meal Allowance; per diem rate changed from $50 to $59 a day for In-State travel and is inclusive for gratuity and incidentals; daily per diem rate changed from $68 to $64 a day for three meals for Out-of-State travel and is inclusive of taxes, gratuity and incidentals.

Ms. Van Buren asked if this is GSA rates.

Mr. Bingham responded he researched the GSA website and rates specified are standard.

Councilor Sheehey questioned standard lodging rate.

Mr. Mortillaro added we use the conference rate that is offered for the conference this is for a standard room.

Mr. Bingham referred to page 26, revised hand out; explaining expenses for when the employee leaves on travel on first day when they return; meal they are entitled to and to explain if an employee leaves before 10am they will receive 100%; 10am to 2pm, 78%; leaving after 2pm they will get 53%, calculated to pay breakfast, lunch, and dinner; same rate when the employee returns to their home. Expense Payment Options; referred to page 28; employees are encouraged to use P-Card with clarification of pre-approval forms; clarification of any over-night stays will need approval from Tony.

Mr. Bingham asked for this policy to go for approval in front of the Board.

Commissioner Chavez asked if the travel policy is a standalone policy that is part of the Employee Manual.

Mr. Mortillaro confirmed it is in the Administration and Finance Policy book.

Ms. Veprek added she includes a copy of the policy on the On-boarding Manual which applies to exempt employees.

Commissioner Chavez made a motion to approve changes on the Travel Policy and forward them to the full Board. Ms. Van Buren second the motion and it passed by a unanimous voice vote.

E. Conversion of Out Source Legal Service

Mr. Mortillaro mentioned recently, the District was approached regarding the possibility of considering the performance of legal services in house; in regards to this concept Staff evaluated approximately 5½ years' worth of legal fees and determined that legal services being performed in house on a part time basis could be advantageous to the District; adding currently the District pays $165 per hour with Basham & Basham.

Mr. Peter Dwyer, current contract legal counsel with the firm of Basham & Basham, has indicted an interest in serving as the District's in house legal staff on a 21 hour per week basis at $40 per hour/week X 40% benefit load X 52 weeks = $61,152/year; other expenses would be for annual bar licensing fee $410/year, annual legal transit conference $2000 as well as a fully outfitted vacant office with computer; total cost of $63,562. In comparison the annual average annual fee was $68,520. Legal expenses performed in-house would result in an annual fixed expenditure.

Further discussion continued on this topic.

Ms. Van Buren moved to approve converting the existing contracted legal services to an in-house position and to provide a recommendation to the Board. Mr. Cordova seconded the motion and it passed by unanimous voice vote.

F. Minutes from April 22, 2016

Mr. Mortillaro asked the Finance Subcommittee to review and approve the minutes from April 22, 2016.

Ms. Van Buren made a motion to approve the minutes for the Finance Subcommittee from April 22, 2016 meeting. Councilor Sheehey seconded the motion and it passed by a unanimous voice vote.

MATTERS FROM THE SUBCOMMITTEE

ADJOURN

Commissioner Chavez moved to adjourn the meeting. Councilor Sheehey second the motion and it passed by a unanimous voice vote.

Next Finance Subcommittee will be held June 30, 2016 at 9:00 AM.